



OFFICE OF THE UNDER SECRETARY OF DEFENSE

4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

28 DEC 2003



PERSONNEL AND
READINESS

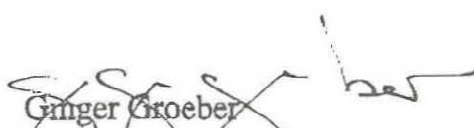
MEMORANDUM FOR: SEE DISTRIBUTION LIST

SUBJECT: Modification of the Overtime Pay Cap

Section 1121 of the National Defense Authorization Act for Fiscal Year 2004 (Public Law 108-136) amends Section 5542(a)(2) of title 5, United States Code, by modifying the overtime pay calculations for General Schedule (GS) employees who are exempt from the Fair Labor Standards Act. Under the revised formula, the hourly rate of pay for overtime for a GS employee whose rate of pay exceeds GS-10, step 1, is an amount equal to the greater of one and one-half times the hourly rate of basic pay for GS-10, step 1, or the individual's hourly rate of basic pay.

The amendment, which became effective on November 24, 2003, ensures that all GS employees will receive no less than their regular rate of basic pay for overtime work. The Defense Finance and Accounting Service (DFAS) has revised the Defense Civilian Pay System to accommodate this change beginning November 30, 2003. DFAS will make any necessary retroactive adjustments in overtime pay for employees who performed overtime work during the intervening period.

My point of contact concerning this matter is Mr. Steven Rumble. You can reach him at (703) 696-1268.


Ginger Groeber
Deputy Under Secretary
Civilian Personnel Policy



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